

GENERAL FUND REVENUE

Summary of General Fund Forecast

The enacted FY 2024 budget assumes total General Fund revenues of \$17.83 billion. This amount is a decrease of (1.6)% compared to enacted FY 2023 General Fund revenues.

Excluding the beginning balance, one-time revenue changes, Urban Revenue Sharing, and the impact of enacted tax legislation, base revenue under the May 2023 enacted budget forecast is projected to increase by 2.1% in FY 2024.

General Fund Revenue Forecast

FY 2023

The original FY 2023 budget enacted in June 2022 was based on total General Fund revenues of \$16.83 billion. As a result of significantly stronger-than-projected revenue growth during the first half of FY 2023, the January 2023 Baseline forecast, which is based on the 4-sector consensus process described below, increased the original FY 2023 General Fund revenue forecast by \$1.06 billion, to a total of \$17.89 billion.

In its 2023 Regular Session revisions to the FY 2023 budget, the Legislature adopted the revenue forecast under the April 4-sector consensus update, which resulted in an additional \$232 million in General Fund revenues over and above the January Baseline, for total of \$18.12 billion.

FY 2024

The enacted FY 2024 budget forecasts total General Fund revenues of \$17.83 billion, or a (1.6)% reduction from FY 2023. Excluding one-time revenue changes and Urban Revenue Sharing, ongoing revenues are projected to be \$17.12 billion, or a (2.1)% decrease relative to FY 2023.

Table 1 below summarizes the changing revenue picture in FY 2023 to FY 2026 through the phases of budget development. The growth rates in the table reflect ongoing revenues after the impact of tax law changes enacted during the 2021 through 2023 Regular Sessions.

Table 1

Ongoing Revenue Change Over Prior Year

	% Change
FY 2023	
January Baseline ^{1/}	(1.1)%
May Enacted Budget ^{1/2/3/}	0.3%
FY 2024	
January Baseline ^{1/}	(2.2)%
May Enacted Budget ^{1/2/3/}	(2.1)%
FY 2025	
January Baseline ^{1/}	2.9%
May Enacted Budget ^{1/2/3/}	3.4%
FY 2026	
January Baseline ^{1/}	4.3%
May Enacted Budget ^{1/2/3/}	4.9%

^{1/} Includes impact of tax legislation enacted prior to the 2023 Regular Session. For more details, see Table 3.

^{2/} Includes impact of tax legislation enacted during the 2023 Regular Session. For more details, see Table 3.

^{3/} May 2023 Enacted Budget was adopted based on the April 4-Sector forecast update.

Table 2 provides an overview of ongoing and total revenue growth for FY 2023 and FY 2024.

Long-Term Projections

The enacted budget also incorporates revenue planning estimates for FY 2025 and FY 2026, which are shown in Tables 1 and 6. The ongoing revenue growth rates included in the FY 2025 and FY 2026 revenue planning estimates under the May adopted budget are 3.4% in FY 2025 and 4.9% in FY 2026.

4-Sector Forecast

The projected growth rates for the “Big 4” revenue categories of sales, individual income, corporate income, and insurance premium taxes are initially developed and revised using a 4-sector consensus process. This process is based on averaging the results of the following 4 forecasts:

- Finance Advisory Committee panel forecast. Consisting of 11 public and private sector economists, this independent panel normally meets 3 times a year to provide the Legislature with guidance on the status of the Arizona economy.
- The University of Arizona Economic and Business Research (EBR) General Fund Baseline econometric model. The model is a simultaneous-equation model consisting of more than 100 equations that are updated on a regular basis to reflect changes in the economy. The model uses more than 200 variables related to Arizona’s economy and is updated quarterly.

- EBR’s conservative forecast model, and
- JLBC Staff projections.

The estimates for the remaining revenue categories,

	<u>FY 2023</u>	<u>%</u>	<u>FY 2024</u>	<u>%</u>
Ongoing Revenue ^{1/}	\$17,485.7	0.3%	\$17,123.3	(2.1)%
Urban Revenue Sharing	(1,107.0)		(1,564.8)	
One-Time Financing Sources:				
Balance Forward	4,709.5		2,530.4	
Attorney General Settlement	75.5		0.0	
Withholding Revenue Loss	(700.0)		0.0	
TPT Diversions	(2,287.5)		0.0	
TPT Public Infrastructure	(50.0)		0.0	
Other One-Time Revenue Changes	(3.5)		0.0	
One-Time Income Tax Rebate	0.0		(259.8)	
Adoption Expenses Subtraction	<u>0.0</u>		<u>(0.2)</u>	
Subtotal	1,744.0		2,268.8	
Total Revenue	<u>\$18,122.7</u>	3.0%	<u>\$17,828.9</u>	(1.6)%

^{1/} Ongoing revenue represents net General Fund revenue, including the impact of previously and newly enacted tax law changes. It excludes Urban Revenue Sharing and one-time financing sources.

which constitute about 5% of the total, were based on JLBC Staff projections.

Budget Legislation

Each year there are statutory tax law and other revenue changes that affect the state’s net revenue collections. These may include tax rate or tax exemption changes, conformity to federal tax law changes, or the implementation of programs that affect revenue collections.

The next section provides a detailed description of previously and newly enacted budget legislation with an ongoing revenue impact in FY 2023 through FY 2026. (See Table 3 for a complete list of all statutory changes affecting ongoing revenue collections in FY 2023 through FY 2026.)

Previously (Pre-2023) Enacted Budget Legislation

1) Individual Income Tax Rate Reduction – Laws 2021, Chapter 412 (Tax Omnibus) reduced the number of individual income tax brackets from 4 in TY 2021 to 2 brackets in TY 2022. The TY 2022 rate was 2.55% for taxable income up to \$28,653 in a single household and \$57,305 in a married filing jointly household. The tax rate was 2.98% above those thresholds. Based on the April 4-Sector forecast update, the JLBC Staff estimated that this tax rate reduction to 2.55%/2.98% reduced General Fund revenue by \$(1.48) billion in FY 2023.

Laws 2021, Chapter 412 included additional reductions to the 2.55%/2.98% individual income tax rates contingent upon General Fund revenue reaching certain revenue levels. Pursuant to A.R.S. § 43-243 and A.R.S. § 43-244, the Directors of the Joint Legislative Budget Committee (JLBC) Staff and the Governor’s Office of Strategic Planning and Budgeting (OSPB) are required to report jointly to the Department of Revenue (DOR) on the level of prior year state General Fund revenue, excluding the beginning balance. This notification is to be made annually on or before September 30th of each year until the required revenue levels are achieved. The JLBC Staff and OSPB reported jointly to DOR on September 29, 2022 that the FY 2022 revenue level was \$16.7 billion.

Upon receiving a JLBC/OSPB report that General Fund revenue exceeds \$12.8 billion, statute requires DOR to reduce the income tax rates to 2.53% and 2.75% in the following tax year. After receiving a report that General Fund revenue exceeds \$13.0 billion, DOR is to set the income tax rate at a single rate of 2.5% in the following tax year.

Based on the joint JLBC/OSPB report issued on September 29, 2022, DOR implemented the 2.5% single tax rate, beginning in TY 2023/FY 2024. As shown in Table 3, reducing the individual income tax rate to 2.5% in TY 2023 is estimated to result in a total revenue loss of \$(2.24) billion in FY 2024. Of this amount, \$(1.53) billion is attributable to the costs of the 2.55%/2.98% rates (when applied to the FY 2024 revenue base) and \$(712.5) million is due to the additional reduction to the 2.5% single rate.

2) Increase of Standard Deduction for Charitable Contributions – Besides the rate reduction described under Item 1, Laws 2021, Chapter 412 annually adjusts for inflation the percentage of charitable contributions that standard deduction filers can claim over and above the regular standard deduction, beginning in TY 2022. This provision is estimated to reduce General Fund revenues by \$(2.0) million in FY 2023, \$(3.9) million in FY 2024, \$(5.8) million in FY 2025, and \$(7.7) million in FY 2026.

3) Affordable Housing Tax Credit – Laws 2021, Chapter 430 created a new nonrefundable affordable housing tax credit that is equal to at least 50% of the amount of the federal low-income housing credit for qualified projects placed in service after June 30, 2022. The Arizona Department of Housing is authorized to allocate a total of \$4.0 million in tax credits per year from TY 2022 to TY 2025. Each of these 4 award cycles is available for 10 years. The credit is estimated to have a revenue impact of \$(4.0) million in FY 2024, \$(8.0) million in FY 2025, and \$(12.0) million in FY 2026.

4) Reduction of Department of Real Estate Transfer – Laws 2022, Chapter 298 eliminates the statutory minimum fees for real estate licenses. The elimination of the minimum fees under Chapter 298 is expected to reduce the transfer of excess revenue to the General Fund by \$(708,000) annually, beginning in FY 2023.

5) Reduction of Liquor Licenses Fund Transfer – Pursuant to A.R.S. § 4-120, any monies remaining in the Liquor Licenses Fund in excess of \$700,000 at the end of each fiscal year must be deposited in the General Fund. The FY 2023 General Appropriation Act (Laws 2022, Chapter 313) provided changes to the Department of Liquor Licenses and Control's operating budget, which resulted in the appropriation from the Liquor Licenses Fund to the department being increased by \$2.4 million in FY 2023. Since these changes have the effect of decreasing the excess fund balance by the same amount, General Fund revenue is reduced by \$(2.4) million annually, beginning in FY 2023.

6) Change of Reimbursements from Apache/Greenlee – Laws 2022, Chapter 315 (Higher Education Budget Reconciliation Bill) reduced the out-of-county reimbursement amounts due from Apache and Greenlee counties to the community college districts and required the difference to be paid by the General Fund. This change has the effect of reducing General Fund revenue by \$(2,293,500) annually, beginning in FY 2023.

7) TPT Exemption for Used Agricultural Machinery – Laws 2022, Chapter 321 (Tax Omnibus) expanded an existing Transaction Privilege tax (TPT) and Use Tax exemption to include the purchase of used (as opposed to only new) agricultural machinery and equipment and short-term rentals of agricultural machinery and equipment (leases for less than 2 years). This provision is estimated to reduce General Fund revenue by \$(583,000) annually, beginning in FY 2023.

8) Change to Aircraft License Tax – Laws 2022, Chapter 321 (Tax Omnibus) limits the annual increase of the average fair market value of aircraft for the purpose of assessing the aircraft license tax to the annual change of

the U.S. Consumer Price Index. In addition, Chapter 321 benchmarked the FY 2022 value of aircraft to the 2019 average fair market value. These changes to the aircraft license tax were estimated to reduce General Fund revenue by \$(1.9) million in FY 2023, and \$(950,000) annually, beginning in FY 2024.

9) Adjusting QCO/QFCO Credit Caps for Inflation – Laws 2022, Chapter 385 annually adjusts for inflation the income tax credit limit for donations to Qualifying Charitable Organizations (QCO) and Qualifying Foster Care Charitable Organizations (QFCO). Prior to Chapter 385, the cap for the QCO credit was \$400 for single filers and \$800 for married filers whereas the cap for the QFCO credit was \$500 for single filers and \$1,000 for married filers. The change to the QCO and QFCO credit caps is estimated to reduce General Fund revenue by \$(1.0) million in FY 2023, \$(2.0) million in FY 2024, \$(4.0) million in FY 2025, and \$(6.0) million in FY 2026.

Newly (2023) Enacted Budget Legislation

10) IRC Conformity – Laws 2023, Chapter 2 conforms Arizona income tax statutes to the Internal Revenue Code (IRC) in effect as of January 1, 2023. Chapter 2 was not scored as part of the 3-year budget plan. The JLBC Fiscal Note estimated that Chapter 2 would reduce General Fund revenue by \$(1.5) million in FY 2023 and increase revenues by \$12.2 million and \$10.7 million in FY 2024 and FY 2025, respectively.

11) Reduction of Liquor Licenses Fund Transfer – As noted under *Item 5* above, any monies remaining in the Liquor Licenses Fund in excess of \$700,000 at the end of each fiscal year must be deposited in the General Fund. The FY 2024 General Appropriation Act (Laws 2023, Chapter 133) provides an increase of \$42,600 from the Liquor Licenses Fund in FY 2024 to cover rent charges at the Department of Liquor Licenses and Control's Flagstaff office. Since this has the effect of decreasing the excess fund balance of the Liquor Licenses Fund by the same amount, General Fund revenue is reduced by \$(42,600) annually, beginning in FY 2024.

12) Reduction of State Treasurer Transfer – Pursuant to A.R.S. § 35-316, the State Treasurer is required to deposit any management fees on investment earnings in excess of its Operating Fund appropriation to the General Fund. The FY 2024 General Appropriation Act (Laws 2023, Chapter 133) increased the State Treasurer's Operating Fund appropriation by \$358,300 to fund 3 additional FTEs. Since the increased appropriation reduces the excess fund balance by the same amount, General Fund revenue is reduced by \$(358,300) annually, beginning in FY 2024.

Urban Revenue Sharing

The Urban Revenue Sharing (URS) program provides that a percentage of state income tax revenues (including both individual and corporate income tax) be shared with incorporated cities and towns within the state. Through FY 2023, the amount distributed to cities and towns was 15% of net income tax collections from 2 years prior. Laws 2021, Chapter 412 increases the URS distribution from 15% to 18%, beginning in FY 2024.

As indicated in *Table 5*, total URS distributions will increase from \$1.11 billion in FY 2023 to \$1.56 billion in FY 2024. This URS increase will result in General Fund revenue loss of \$(457.9) million in FY 2024 relative to FY 2023.

One-Time Financing

As shown in *Table 4*, the budget adopted in May 2023 includes the following one-time financing sources:

FY 2023

Attorney General Settlement

In October 2022, the Arizona Attorney General's Office entered an \$85 million settlement with Google LLC for allegedly tracking users' location with "deceptive and unfair" practices to sell advertisements. According to the settlement agreement, \$75,462,100 of the settlement was distributed to the General Fund in FY 2023.

Withholding Revenue Loss

Due to the individual income tax rate reductions provided by Laws 2021, Chapter 412, the Department of Revenue adopted new, lower withholding rates that went into effect in the beginning of Calendar Year 2023. While a reduction of the state's withholding rates does not affect an individual's tax liability, it has an impact on the state's cash flow since the state's fiscal year is different from individual filers' tax year. Therefore, as a result of the withholding rate reduction, the state incurred an estimated one-time General Fund revenue loss of \$(700.0) million in FY 2023 that will not be recovered in FY 2024.

Transaction Privilege Tax (TPT) Diversion

Laws 2022, Chapter 321 diverted a total of \$2.29 billion of General Fund TPT revenues to various non-General Fund agency funds in FY 2023. The diverted amount was allocated as follows:

- ADOT State Highway Fund: \$925.4 million
- ADOT State Aviation Fund: \$20.6 million
- DEMA Border Security Fund: \$209.2 million
- Park Board State Parks Revenue Fund: \$38.2 million
- Budget Stabilization Fund: \$425.0 million
- DEMA Border Security Fund: \$335.0 million
- DWR Long-Term Water Augmentation Fund: \$334.0 million

TPT Distribution Cap for Public Infrastructure Increased from \$50 Million to \$100 Million

Pursuant to A.R.S. § 42-5032.02, the State Treasurer is authorized to distribute prime contracting TPT revenue generated from qualifying projects to a municipality or county to fund up to 80% of the costs of public infrastructure improvements (such as roads, water, and wastewater facilities) needed to support the activities of a qualifying manufacturing facility located in that municipality or county. Laws 2022, Chapter 321 increased the statewide cap of state tax dollars paid to cities and counties for public infrastructure projects from \$50.0 million to \$100.0 million. This change resulted in a one-time revenue reduction of \$(50.0) million in FY 2023. See the *One-Time Financing Section* for a further increase in the cap due to 2023 legislation.

Liquor Licenses Fund Transfer Reduction

Laws 2022, Chapter 309 (Capital Outlay) appropriated \$3.5 million one-time from the Liquor Licenses Fund to the Department of Liquor Licenses and Control in FY 2023 for the cost of remodeling and expanding their office space. As explained under *Item 5* in the *Budget Legislation* section, this had the effect of reducing the transfer of excess revenue from the Liquor Licenses Fund to the General Fund by \$(3.5) million in FY 2023.

Balance Forward

The FY 2022 General Fund ending balance carried into FY 2023 was \$4.71 billion.

FY 2024

One-Time Income Tax Rebate

Laws 2023, Chapter 147 (Taxation Budget Reconciliation Bill) provides a one-time individual income tax rebate to an Arizona taxpayer who: (1) filed a full-year resident tax return for TY 2021, (2) claimed a dependent tax credit on the TY 2021 tax return, and (3) had a tax liability of at least \$1 in TY 2019, TY 2020, or TY 2021. The rebate is \$250 for each dependent tax credit claimed on the taxpayer's TY 2021 tax return for a dependent who was under age 17 at the end of 2021 and \$100 for each dependent who was at least 17 years old at the end of 2021. The maximum rebate that can be claimed is for 3 dependents. To be eligible for the dependent tax credit, a taxpayer's federal adjusted gross income cannot exceed \$219,000, or \$419,000 in the case of married couples filing jointly. DOR is required to issue the tax rebates between October 15, 2023 and November 15, 2023. A taxpayer who does not receive the rebate by November 15, 2024 can claim the rebate by filing an online form with DOR.

Adoption Expenses Income Tax Subtraction

Under current law, a taxpayer is allowed an individual income tax subtraction of up to \$3,000 for unreimbursed

Table 3

Budget Legislation with Ongoing General Fund Revenue Impact in FY 2023 through FY 2026
(\$ in Millions)

<u>2021 & 2022 Legislation / Description of Provision</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
<u>(1) Laws 2021, Ch. 412 – Income Tax Rate Reduction</u>				
- Reduces rates to 2.55%/2.98%	\$ (1,485.4)	\$ (1,528.5)	\$ (1,603.0)	\$ (1,690.0)
- Reduces to single rate of 2.50%		(712.5)	(747.2)	(787.9)
- Total Rate Reduction	(1,485.4)	(2,241.0)	(2,350.2)	(2,477.9)
<u>(2) Laws 2021, Ch. 412 – Other Tax Omnibus Provisions</u>				
Increases standard deduction for charitable contributions	(2.0)	(3.9)	(5.8)	(7.7)
<u>(3) Laws 2021, Ch. 430</u>				
Creates a new affordable housing tax credit		(4.0)	(8.0)	(12.0)
<u>(4) Laws 2022, Ch. 298</u>				
Reduces Department of Real Estate transfer to General Fund	(0.7)	(0.7)	(0.7)	(0.7)
<u>(5) Laws 2022, Ch. 313</u>				
Reduces Liquor Licenses Fund transfer to General Fund	(2.4)	(2.4)	(2.4)	(2.4)
<u>(6) Laws 2022, Ch. 315</u>				
Changes to reimbursements for Apache and Greenlee Counties	(2.3)	(2.3)	(2.3)	(2.3)
<u>(7) Laws 2022, Ch. 321</u>				
Expands TPT exemption for used agricultural machinery	(0.6)	(0.6)	(0.6)	(0.6)
<u>(8) Laws 2022, Ch. 321</u>				
Makes changes to Aircraft License Tax	(1.9)	(0.9)	(0.9)	(0.9)
<u>(9) Laws 2022, Ch. 385</u>				
Adjusts QCO/QFCO credit caps annually for inflation	(1.0)	(2.0)	(4.0)	(6.0)
Total – Previously (2021 & 2022) Enacted Legislation ^{1/}	\$ (1,496.3)	\$ (2,257.8)	\$ (2,374.9)	\$ (2,510.5)
<u>2023 Legislation / Description of Provision</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
<u>(10) Laws 2023, Ch. 2</u>				
Internal Revenue Code Conformity ^{2/}	--	--	--	--
<u>(11) Laws 2023, Ch. 133</u>				
Reduces Liquor Licenses Fund transfer to General Fund		(0.1)	(0.1)	(0.1)
<u>(12) Laws 2023, Ch. 133</u>				
Reduces State Treasurer transfer to General Fund		(0.4)	(0.4)	(0.4)
Total – Newly (2023) Enacted Legislation ^{1/}		\$ (0.4)	\$ (0.4)	\$ (0.4)
Grand Total – Previously & Newly Enacted Legislation ^{1/}	\$ (1,496.3)	\$ (2,258.2)	\$ (2,375.3)	\$ (2,510.9)

^{1/} Totals may not add up due to rounding

^{2/} Chapter 2 was not scored as part of the 3-year budget plan. The JLBC Fiscal Note estimated that Chapter 2 would reduce General Fund revenue by \$(1.5) million in FY 2023 and increase revenues by \$12.2 million and \$10.7 million in FY 2024 and FY 2025, respectively.

adoption expenses. Laws 2023, Chapter 147 increases this amount to \$40,000 for TY 2023 through TY 2025. Chapter 147 is estimated to result in a one-time General Fund revenue loss of \$(178,500) in each of FY 2024, FY 2025 and FY 2026.

TPT Distribution Cap for Public Infrastructure
Increased from \$100 Million to \$200 Million

As noted above, A.R.S. § 42-5032.02 authorizes the State Treasurer to distribute prime contracting TPT revenue generated from qualifying projects to a municipality or county to fund up to 80% of the costs of public infrastructure improvements needed to support the activities of a qualifying manufacturing facility located in

that municipality or county. As noted above, Laws 2022, Chapter 321 increased the statewide cap for the distribution of state TPT for public infrastructure improvements from \$50.0 million to \$100.0 million. Laws 2023, Chapter 181 raised the cap further to \$200.0 million.

Chapter 181 was not scored as part of the 3-year budget plan adopted in May 2023. Based on a Fiscal Note issued by the JLBC Staff on an earlier version of this legislation (HB 2809), we estimate that Chapter 181 will result in a total one-time revenue loss of \$(100.0) million, of which \$(50.0) million is expected to occur in FY 2024 and the remaining \$(50.0) million in FY 2025.

Balance Forward

The FY 2023 General Fund ending balance carried into FY 2024 is projected to be \$2.53 billion.

FY 2025

Balance Forward

The FY 2024 General Fund ending balance carried into FY 2025 is projected to be \$10.0 million.

FY 2026

Balance Forward

The FY 2025 General Fund ending balance carried into FY 2026 is projected to be \$75.8 million.

Table 4				
FY 2023 through FY 2026 One-Time Financing Sources				
(\$ in Millions)				
	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
Balance Forward	\$4,709.5	\$2,530.4	\$10.0	\$75.8
Other One-Time Financing Sources:				
Attorney General Settlement	75.5	0.0	0.0	0.0
Withholding Revenue Loss	(700.0)	0.0	0.0	0.0
TPT Diversions	(2,287.5)	0.0	0.0	0.0
TPT Public Infrastructure ^{1/}	(50.0)	--	--	0.0
Other One-Time Revenue Changes	(3.5)	0.0	0.0	0.0
One-Time Income Tax Rebate	0.0	(259.8)	0.0	0.0
Adoption Expenses Subtraction	<u>0.0</u>	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.2)</u>
Total One-Time Financing ^{2/}	<u>\$1,744.0</u>	<u>\$2,270.4</u>	<u>\$9.8</u>	<u>\$75.6</u>

^{1/} Laws 2022, Chapter 321 increased the cap for state TPT distribution for public infrastructure improvements to cities or counties from \$50 million to \$100 million, which resulted in a one-time revenue reduction of \$(50) million in FY 2023. Laws 2023, Chapter 181 raised the cap further to \$200 million. Chapter 181 was not scored as part of the 3-year budget plan. Based on a Fiscal Note issued by the JLBC Staff on an earlier version of the legislation (HB 2809), we estimate that Chapter 181 will result in a total one-time revenue loss of \$(100) million with the impact evenly divided between FY 2024 and FY 2025.

^{2/} Totals may not add up due to rounding.

Table 5

GENERAL FUND REVENUE - FY 2022 - FY 2024

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2022	% CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2024	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	7,208,853.5	15.4%	7,789,322.8	8.1%	580,469.2	8,078,082.4	3.7%	288,759.6
Income - Individual	7,530,010.7	15.3%	6,173,974.0	-18.0%	(1,356,036.7)	5,564,612.8	-9.9%	(609,361.2)
- Corporate	1,163,468.9	37.4%	1,703,918.9	46.5%	540,450.0	1,708,741.9	0.3%	4,823.1
Property	26,787.4	19.7%	23,573.0	-12.0%	(3,214.5)	23,054.3	-2.2%	(518.6)
Luxury - Tobacco	20,941.2	-6.8%	20,103.5	-4.0%	(837.6)	19,902.5	-1.0%	(201.0)
- Liquor	43,720.7	-2.3%	47,218.3	8.0%	3,497.7	46,037.9	-2.5%	(1,180.5)
Insurance Premium	707,654.0	14.8%	749,936.3	6.0%	42,282.3	756,650.5	0.9%	6,714.2
Other Taxes	16,301.4	6.5%	16,010.0	-1.8%	(291.4)	17,002.6	6.2%	992.6
Subtotal - Taxes	16,717,737.8	16.5%	16,524,056.8	-1.2%	(193,681.0)	16,214,084.9	-1.9%	(309,971.9)
Other Non-Tax Revenues:								
Lottery	183,680.2	75.4%	175,812.1	-4.3%	(7,868.1)	210,949.3	20.0%	35,137.2
Gaming Revenue	10,437.0	N/A	44,544.6	326.8%	34,107.6	30,444.1	-31.7%	(14,100.5)
Licenses, Fees and Permits	40,600.8	4.3%	44,185.6	8.8%	3,584.8	47,190.2	6.8%	3,004.6
Interest	46,383.0	5118.2%	300,000.0	546.8%	253,617.0	270,000.0	-10.0%	(30,000.0)
Sales and Services	30,351.5	16.5%	33,888.0	11.7%	3,536.5	36,802.3	8.6%	2,914.4
Other Miscellaneous	155,770.7	4.4%	156,275.8	0.3%	505.1	170,991.9	9.4%	14,716.1
Transfers and Reimbursements	168,356.1	29.5%	122,449.6	-27.3%	(45,906.5)	66,956.4	-45.3%	(55,493.2)
Disproportionate Share Revenue	87,833.5	3.5%	84,478.0	-3.8%	(3,355.5)	75,853.5	-10.2%	(8,624.5)
Subtotal - Other Non-Tax	723,412.8	29.7%	961,633.7	32.9%	238,220.9	909,187.8	-5.5%	(52,446.0)
Net Ongoing Revenue	17,441,150.6	17.0%	17,485,690.5	0.3%	44,539.9	17,123,272.6	-2.1%	(362,417.8)
Urban Revenue Sharing (URS)	(756,388.3)	N/A	(1,106,958.7)	N/A	(350,570.4)	(1,564,826.3)	N/A	(457,867.7)
Net Ongoing Revenue w/ URS	16,684,762.3	18.5%	16,378,731.8	-1.8%	(306,030.5)	15,558,446.3	-5.0%	(820,285.5)
One-Time Financing Sources:								
Water Infrastructure Repayment	20,000.0	N/A	0.0	-100.0%	(20,000.0)	0.0	N/A	0.0
Attorney General Settlement	0.0	N/A	75,462.1	N/A	75,462.1	0.0	-100.0%	(75,462.1)
Withholding Revenue Loss	0.0	N/A	(700,000.0)	N/A	(700,000.0)	0.0	N/A	700,000.0
TPT Diversions	0.0	N/A	(2,287,489.6)	N/A	(2,287,489.6)	0.0	N/A	2,287,489.6
TPT Public Infrastructure	0.0	N/A	(50,000.0) ^{1/}	N/A	(50,000.0)	- ^{1/}	N/A	50,000.0
Other One-Time Revenue Changes	0.0	N/A	(3,500.0)	N/A	(3,500.0)	0.0	N/A	3,500.0
One-Time Income Tax Rebate	0.0	N/A	0.0	N/A	0.0	(259,800.0)	N/A	(259,800.0)
Adoption Expenses Subtraction	0.0	N/A	0.0	N/A	0.0	(178.5)	N/A	(178.5)
Subtotal - One-Time Financing Sources	20,000.0	N/A	(2,965,527.5)	N/A	(2,985,527.5)	(259,978.5)	N/A	2,705,549.0
Subtotal - Revenues	16,704,762.3	18.3%	13,413,204.3	-19.7%	(3,291,558.0)	15,298,467.8	14.1%	1,885,263.5
Balance Forward	894,636.0	140.2%	4,709,446.0	426.4%	3,814,810.0	2,530,436.3	-46.3%	(2,179,009.7)
Total - Resources	17,599,398.3	21.5%	18,122,650.3	3.0%	523,252.0	17,828,904.1	-1.6%	(293,746.2)

^{1/} Laws 2022, Chapter 321 increased the cap for state TPT distribution for public infrastructure improvements to cities/counties from \$50 million to \$100 million, which resulted in a one-time revenue loss of \$(50) million in FY 2023. Laws 2023, Chapter 181 increased the cap to \$200 million. Chapter 181 was not scored as part of the 3-year budget plan. Based on a Fiscal Note issued on an earlier version of the legislation, the JLBC Staff estimates that Chapter 181 will result in a one-time revenue loss of \$(50) million in FY 2024 and \$(50) million in FY 2025.

Table 6

GENERAL FUND REVENUE - FY 2025 - FY 2026

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2025	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2026	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	8,402,447.0	4.0%	324,364.7	8,835,569.9	5.2%	433,122.8
Income - Individual	5,843,834.8	5.0%	279,222.1	6,171,556.4	5.6%	327,721.6
- Corporate	1,750,619.8	2.5%	41,877.9	1,842,614.8	5.3%	91,995.0
Property	22,547.2	-2.2%	(507.2)	22,051.1	-2.2%	(496.0)
Luxury - Tobacco	19,703.4	-1.0%	(199.0)	19,506.4	-1.0%	(197.0)
- Liquor	48,616.0	5.6%	2,578.1	51,338.5	5.6%	2,722.5
Insurance Premium	780,384.3	3.1%	23,733.8	813,691.2	4.3%	33,306.9
Other Taxes	18,039.8	6.1%	1,037.2	19,122.2	6.0%	1,082.4
Subtotal - Taxes	16,886,192.4	4.1%	672,107.5	17,775,450.4	5.3%	889,258.1
Other Non-Tax Revenues:						
Lottery	222,332.7	5.4%	11,383.4	234,441.3	5.4%	12,108.6
Gaming Revenue	31,783.6	4.4%	1,339.5	33,182.1	4.4%	1,398.5
Licenses, Fees and Permits	49,172.2	4.2%	1,982.0	51,237.4	4.2%	2,065.2
Interest	146,000.0	-45.9%	(124,000.0)	87,000.0	-40.4%	(59,000.0)
Sales and Services	39,709.7	7.9%	2,907.4	42,489.4	7.0%	2,779.7
Other Miscellaneous	183,299.5	7.2%	12,307.6	193,099.7	5.3%	9,800.2
Transfers and Reimbursements	67,293.2	0.5%	336.8	67,902.5	0.9%	609.2
Disproportionate Share Revenue	75,583.9	-0.4%	(269.6)	75,901.9	0.4%	318.0
Subtotal - Other Non-Tax	815,174.9	-10.3%	(94,012.9)	785,254.3	-3.7%	(29,920.6)
Net Ongoing Revenue	17,701,367.2	3.4%	578,094.6	18,560,704.7	4.9%	859,337.5
Urban Revenue Sharing (URS)	(1,428,820.7)	N/A	136,005.6	(1,327,203.8)	N/A	101,616.9
Net Ongoing Revenue w/ URS	16,272,546.5	4.6%	714,100.2	17,233,500.9	5.9%	960,954.4
One-Time Financing Sources:						
Water Infrastructure Repayment	0.0	N/A	0.0	0.0	N/A	0.0
Attorney General Settlement	0.0	N/A	0.0	0.0	N/A	0.0
Withholding Revenue Loss	0.0	N/A	0.0	0.0	N/A	0.0
TPT Diversions	0.0	N/A	0.0	0.0	N/A	0.0
TPT Public Infrastructure	- ^{1/}	N/A	0.0	0.0	N/A	0.0
Other One-Time Revenue Changes	0.0	N/A	0.0	0.0	N/A	0.0
One-Time Income Tax Rebate	0.0	N/A	259,800.0	0.0	N/A	0.0
Adoption Expenses Subtraction	(178.5)	N/A	0.0	(178.5)	N/A	0.0
Subtotal - One-Time Financing Sources	(178.5)	N/A	259,800.0	(178.5)	N/A	0.0
Subtotal - Revenues	16,272,368.0	6.4%	973,900.2	17,233,322.4	5.9%	960,954.4
Balance Forward	10,035.1	-99.6%	(2,520,401.2)	75,833.8	655.7%	65,798.7
Total - Resources	16,282,403.1	-8.7%	(1,546,501.0)	17,309,156.2	6.3%	1,026,753.1